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091230Z Apr 01

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	H-01	TEDE-00	INR-00	ITC-01	L-00	VCE-00	AC-01
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FM AMEMBASSY HARARE
TO SECSTATE WASHDC PRIORITY 8610
INFO NSC WASHDC PRIORITY
SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
AMEMBASSY NAIROBI

C O N F I D E N T I A L SECTION 01 OF 03 HARARE 001275

SIPDIS

NSC FOR SENIOR AFRICA DIRECTOR JENDAYI FRAZER

LONDON FOR CHARLES GURNEY

PARIS FOR BISA WILLIAMS

NAIROBI FOR TERRY PFLAUMER

PASS USAID FOR A.AA/AFR V. DICKSON-HORTON AND
AFR/SA C. PALMA

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PASS USTR FOR ROSA WHITAKER

E.O. 12958: DECL: 04/03/11
TAGS: [PGOV](#) [ECON](#) [EFIN](#) [PREL](#) [PINR](#) [ZI](#)
SUBJECT: ZANU-PF INSIDER: THE COUNTRY IS UNDER
INFORMAL SANCTIONS

CLASSIFIED BY CHARGE D'AFFAIRES EARL M. IRVING FOR
REASONS 1.5 (B) AND (D).

SUMMARY

1. (C) AN ACADEMIC WITH VERY CLOSE TIES TO ZANU-PF LEADERSHIP CIRCLES, CLEVER MUMBENGEGWI, TOLD US APRIL 2 THAT THE ZIMBABWEAN GOVERNMENT BELIEVES IT IS OPERATING UNDER AN INFORMAL INTERNATIONAL SANCTIONS REGIME. THE GOVERNMENT PERCEIVES THE INTERNATIONAL COMMUNITY AS BEING BIASED IN FAVOR OF THE OPPOSITION MOVEMENT FOR DEMOCRATIC CHANGE (MDC), A PARTY HE DISMISSED AS INEFFECTIVE AND BOUND FOR OBLIVION. HE BELIEVED THE WEST WAS WILLING TO ENGAGE MEANINGFULLY WITH ZIMBABWE ONLY WHEN PRESIDENT MUGABE IS OFF THE SCENE. HE CONFIRMED TENSIONS BETWEEN THE GOVERNMENT AND THE WHITE BUSINESS COMMUNITY, ATTRIBUTING THEM TO AN AGENDA OF WRECKING THE ECONOMY TO THE LATTER. HE DEFENDED THE GOVERNMENT'S POLICY OF NOT DEVALUING THE CURRENCY, SAYING THAT TO DO SO WOULD HURT THE MAJORITY OF ZIMBABWEANS WHO ARE DEPENDENT ON CHEAP IMPORTS. HE SAW
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RESOLUTION OF THE LAND REFORM PROBLEM AS THE PANACEA FOR ZIMBABWE'S POLITICAL TROUBLES, NOTING THAT THE GOVERNMENT COULD SORT OUT QUICKLY ANCILLARY DIFFICULTIES ASSOCIATED WITH THE FAST TRACK RESETTLEMENT EFFORT. HE THOUGHT THE INTERNATIONAL COMMUNITY HAS A KEY ROLE TO PLAY IN RESTORING ZIMBABWE TO ECONOMIC HEALTH, BUT DOUBTED IT WOULD MAKE ANY MOVE TO HELP PRIOR TO THE PRESIDENTIAL ELECTION SCHEDULED FOR 2002. WE BELIEVE MUMBENGEGWI'S COMMENTS REFLECT THE MAINSTREAM THINKING OF ZANU-PF -- PARANOID, ISOLATIONIST, ECONOMICALLY UNSOUND AND MARKED BY CONSPIRACY THEORIES. IF THE INTERNATIONAL COMMUNITY WANTS TO REVERSE ZIMBABWE'S RAPID ECONOMIC AND POLITICAL DECLINE, IT MUST DO A BETTER JOB OF GETTING AND SUSTAINING THE GOVERNMENT'S ATTENTION. END SUMMARY.

US VERSUS THEM

12. (C) ZANU-PF INSIDER AND DEAN OF THE UNIVERSITY OF ZIMBABWE'S FACULTY OF SOCIAL STUDIES CLEVER MUMBENGEGWI (HIS BROTHER SAMUEL IS THE MINISTER OF EDUCATION, SPORT AND CULTURE, AND HIS BROTHER SIMBARASHE IS THE ZIMBABWEAN HIGH COMMISSIONER IN LONDON) TOLD US APRIL 2 THAT IT WAS THE GOVERNMENT'S WIDELY-HELD PERCEPTION THAT ZIMBABWE WAS UNDER UNOFFICIAL SANCTIONS, WITH THE PROSPECT OF THEIR BEING LIFTED SOON CLOSE TO NIL. HE THOUGHT THAT FOREIGN INVESTORS AND THE INTERNATIONAL FINANCIAL INSTITUTIONS WERE ON THE SIDELINES AND WAITING FOR THE PRESIDENTIAL ELECTION TO TAKE PLACE BEFORE
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ENGAGING ZIMBABWE MEANINGFULLY ONCE AGAIN.

13. (C) THE PERCEPTION IS THAT THE INTERNATIONAL COMMUNITY WAS SITTING WITH ITS ARMS CROSSED WATCHING ZIMBABWE COLLAPSE, ASSUMING THAT IT IS A BASKET CASE LIKE OTHER AFRICAN COUNTRIES. THE POSITION OF THE INTERNATIONAL COMMUNITY TO FOSTER THE DOWNFALL AND REMOVAL OF THE RULING PARTY IMPINGES ON ZIMBABWE'S ECONOMIC HEALTH; IT IS NOT SOLELY A DOMESTIC ISSUE. THE INTERNATIONAL COMMUNITY'S FOCUS ON A PERSONALITY, AND ITS WITHHOLDING OF ASSISTANCE UNTIL THAT PERSONALITY IS CHANGED ONLY GETS US INTO A POLITICAL PROBLEM, HE AVERRED.

14. (C) MUMBENGEGWI CONTINUED THAT THE GOVERNMENT WANTED TO USE THE ISSUE OF LAND REFORM TO BEGIN SOLVING DOMESTIC PROBLEMS ONCE AND FOR ALL, AS IT WAS AN ISSUE AROUND WHICH MOST ZIMBABWEANS COULD RALLY. ONCE COMPENSATION FOR LAND COULD BE ARRANGED, THE GOVERNMENT COULD QUICKLY TAKE CARE OF THE OTHER THINGS, SUCH AS FARM INVASIONS, IN A SHORT PERIOD OF TIME. THE REASON WHY THERE IS NO GOING BACK ON THE LAND ISSUE IS THAT POLITICIANS HAVE SOLD THE PROGRAM TO THE NATION. ALTHOUGH HE AGREED THAT THEY OUGHT TO HAVE SOMETHING ELSE TO OFFER, IT WOULD COST ZANU-PF POLITICALLY IF IT

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INFO NSC WASHDC PRIORITY
SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
AMEMBASSY NAIROBI

C O N F I D E N T I A L SECTION 02 OF 03 HARARE 001275

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WERE TO RETRACT THE FAST-TRACK RESETTLEMENT PROGRAM. THAT THE GOVERNMENT ALONE SHOULD PAY FOR THE LAND RESETTLEMENT EXERCISE WAS ABSURD, MUMBENGEGWI STATED, AVERRING THAT AT NO TIME IN HISTORY HAS THIS OCCURRED. HE DISMISSED ANY GOVERNMENT RESPONSIBILITY FOR THE IMPENDING MAIZE SHORTAGE, ASSIGNING BLAME FOR IT TO THE MID-SEASON DROUGHT, WHICH KILLED OFF MOST OF THE EARLY CROP, AND THE DAMAGE DONE TO THE LATE CROP BY RECENT, EXCEEDINGLY HEAVY RAINS.

THE RHODESIAN LEGACY LIVES ON

15. (C) THE SOCIAL STUDIES DEAN STATED THAT THERE WAS A LACK OF TRUST BETWEEN THE GOVERNMENT AND THE WHITE BUSINESS COMMUNITY BECAUSE THAT COMMUNITY WAS DOING ITS BEST IT COULD TO DESTROY THE COUNTRY'S ECONOMY IN ORDER TO BRING DOWN THE CURRENT GOVERNMENT. WHITE BUSINESSMEN, HE ALLEGED, ARE DIRECTING SUBSTANTIAL PORTIONS OF THEIR FOREIGN EXCHANGE INFLOWS "THROUGH OTHER CHANNELS," BRINGING ONLY A SMALL FRACTION OF THEIR EARNINGS VIA OFFICIAL CHANNELS INTO ZIMBABWE. THE
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PRIVATE SECTOR WAS MYOPIC AS TO WHERE ITS INTERESTS LIE AND SHORT-TERM IN ITS OUTLOOK, NOT INTERESTED IN THE GOOD OF THE COUNTRY, ITS GOVERNMENT OR ITS BLACK CITIZENS. THIS VIEW IS WIDELY HELD AND ACCEPTED AS TRUE BY THE GOVERNMENT AND ITS LEADERSHIP, HE STATED.

16. (C) HE LECTURED US WITH A STRAIGHT FACE THAT FOR YEARS BUSINESSPERSONS HAVE LIVED OFF THE TAXPAYER (NOTWITHSTANDING THE FACT THAT BUSINESSES, VIA COMPANY AND PERSONAL INCOME TAXES, PAY OVER HALF THE NATIONAL TAX BILL), BUYING UP GOVERNMENT PAPER AND DRIVING UP INTEREST RATES, SO THAT THEY AND THE BANKS CAN GET THE HIGH YIELDS, THEREBY PLACING THE GOVERNMENT IN ITS CURRENT DEBT TRAP. THERE'S A SHORT-TERM PRICE TO BE BORNE IN TURNING AROUND THE ECONOMY, HE OFFERED, AND THE COST SHOULD BE BORNE BY THE POPULATION IN GENERAL, AND NOT JUST THE GOVERNMENT. "WE HAVE TO START SOMEWHERE," HE SHRUGGED; "SOMEONE WILL ALWAYS CALL FOUL." HE SAID THAT THE NATION IS IN CRISIS AND IT IS TIME TO STAND TOGETHER AND NOT TRY TO SPLIT THE NATION, SOMETHING THE DONOR COMMUNITY IS CLEARLY TRYING TO DO. THE WHITE BUSINESS COMMUNITY, ON THE OTHER HAND, IS OF THE VIEW THAT "YOU CAUSED THIS MESS, YOU GET OUT OF POWER."

17. (C) TURNING TO THE REASON WHY THE GOVERNMENT STUCK TO A DYSFUNCTIONAL A FIXED EXCHANGE RATE, MUMBENGEGWI EXPLAINED THAT ZIMBABWE IS EXTREMELY IMPORT DEPENDENT; EVEN MANY OF ITS EXPORTS CONTAIN A HIGH PERCENTAGE OF IMPORTED CONTENT. ALLOWING THE ZIMBABWE DOLLAR TO FLOAT TO ITS MARKET VALUE WOULD INCREASE THE PRICE OF INPUTS. EXPORTERS, WHO HAVE ACCESS TO FOREIGN CURRENCY, FAVOR
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DEVALUATION. HOWEVER, BECAUSE THEY ARE A MINORITY OF THE POPULATION (WHEREAS IMPORTS IMPACT A MAJORITY OF THE POPULATION), THE POLITICAL PRESSURE THEY BRING TO BEAR TO DEVALUE IS NOT AS INTENSE. IT IS THE GOVERNMENT'S SINCERE VIEW THAT COUNTRIES THAT HAVE DEVALUED THEIR CURRENCIES OR IMPLEMENTED STRUCTURAL ADJUSTMENT HAVE NOT DONE BETTER THAN THOSE THAT HAVE NOT DONE SO, HE CLAIMED. HE COMPLAINED THAT THE LAST TIME THE GOVERNMENT DEVALUED THE CURRENCY FOR 38.5 TO 55 TO THE U.S. DOLLAR, THERE WAS NO COMMENSURATE IMPROVEMENT IN EXPORT SECTOR PERFORMANCE. THE GOVERNMENT, HE HELD, COULD DEVALUE THE CURRENCY BY 1000 PERCENT -- A MOVE THAT WOULD WRECK THE IMPORT SECTOR -- AND STILL GET NO RESPONSE. EXPORTERS ARE SIMPLY SEEKING WINDFALL GAINS, HE ALLEGED, WHICH THEY ARE GETTING IN THE FOREIGN EXCHANGE BLACK MARKET.

BUT WE SHALL PREVAIL

18. (C) WHILE MUMBENGEGWI BELIEVED THAT THE INTERNATIONAL COMMUNITY FAVORED THE OPPOSITION MDC, HE PREDICTED THAT IF IT WERE TO LOSE THE PRESIDENTIAL ELECTION IT WOULD SUFFER THE FATE OF ALL AFRICAN ALSO-

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RANS: DISINTEGRATION. "IF THEY WIN," HE OBSERVED
IRONICALLY, "THEN WE WILL HAVE VERY EXCITING TIMES." HE
WAVED AWAY THE CONSTITUTION THAT THE NATIONAL
CONSTITUTIONAL ASSEMBLY IS PREPARING, CALLING IT A
CAMPAIGN DOCUMENT TO BE USED AS A RALLYING POINT. HE
THOUGHT THAT THE CIVIL SOCIETY ORGANIZATION, INSTEAD OF
WORKING TO DEFEAT A FLAWED CONSTITUTION IN THE FEBRUARY
2000 REFERENDUM, SHOULD INSTEAD HAVE PARTICIPATED IN THE
DRAFTING PROCESS AND NEGOTIATED ON THE PORTIONS WITH
WHICH IT DISAGREED. HE CLAIMED THAT THE OPPOSITION,
WHICH HAD GROWN FROM THE PRESIDENT AND THE GOVERNMENT'S
ECONOMIC MISMANAGEMENT OF THE COUNTRY, HAD NOT COME UP
WITH AN ALTERNATIVE PROGRAM TO PULL THE COUNTRY OUT OF
ITS CURRENT PREDICAMENT. FURTHERMORE, IT HAD NOT
ARTICULATED HOW IT PLANNED TO BRING THE DONORS BACK.
INDEED, THE OPPOSITION HAS FAILED TO CAPTURE THE
IMAGINATION OF THE PEOPLE OF ZIMBABWE, HE DECLARED. HE
CLAIMED THAT THE FEELING IN THE COUNTRY WAS THAT THE
RULING PARTY HAD GAINED GROUND OVER THE OPPOSITION IN
THE LAST FEW MONTHS. HE ALSO WINKED THAT THE
INTERNATIONAL COMMUNITY'S PUTTING PRESIDENT MUGABE IN A
CORNER SERVED TO BOLSTER HIS DOMESTIC POPULARITY.

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COMMENT

19. (C) IF WE PART FROM THE PREMISE THAT PERCEPTION IS
REALITY, THEN THE U.S.-EDUCATED MUMBENGEGWI GIVES A
DISTRESSING ACCOUNT OF HIS COUNTRY'S GOVERNANCE: THE
MINDS OF ITS LEADERSHIP ARE IN A PRISON OF ECONOMIC
OBSCURANTISM AND CONSPIRACY THEORIES. WE HAVE NO DOUBT
THAT THE SOCIAL SCIENCE PROFESSOR'S EPISTEMOLOGY
REPRESENTS THE MAINSTREAM THINKING OF THE RULING PARTY.
UNFORTUNATELY, THE CHASM BETWEEN THIS PERCEPTION AND
REALITY IS WIDE, AND CORRECTIVE ACTION WITH ANY HOPE OF
DOING GOOD IS THUS FAR OUT OF GRASP. BETWEEN NOW AND
THE PRESIDENTIAL ELECTION, REAL DAMAGE TO ZIMBABWE WILL
CONTINUE TO OCCUR AT AN UNSUSTAINABLE RATE, AS THE PARTY
FAITHFUL IGNORE THE CARNAGE AND PLAY FOLLOW-THE-LEADER
TO NEVER-NEVER LAND. IF THE WEST OR THE DONORS WANT TO
CHANGE THIS PATTERN THEY MUST DO A BETTER JOB OF GETTING
-- AND SUSTAINING -- THE GOVERNMENT'S ATTENTION. WE ARE
CONVINCED NOW THAT ONLY STEPS WHICH AFFECT PRESIDENT
MUGABE AND HIS CRONIES PERSONALLY -- SUCH AS RESTRICTING
THEIR INTERNATIONAL TRAVEL AND FREEZING THEIR ASSETS --
CAN HALT ZIMBABWE'S SLIDE TOWARD ECONOMIC AND POLITICAL
COLLAPSE. END COMMENT.

IRVING

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